

Message Text

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PAGE 01 GEORGE 00829 162358Z
ACTION SS-25

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C O N F I D E N T I A L GEORGETOWN 0829

EXDIS

C O R R E C T E D C O P Y FOR DELETION OF STADIS

E.O. 11652: GDS
TAGS: PINT, PFOR, GY
SUBJECT: GUYANESE INQUIRY CONCERNING FINANCIAL ASSISTANCE

REF: (A) GEORGETOWN 0722, (B) GEORGETOWN 0828

SUMMARY: ACTING ON BURNHAM'S INSTRUCTIONS, FONMIN WILLS HAS INQUIRED ABOUT THE POSSIBILITY OF THE US PROVIDING A SOFT LOAN OR GRANT AID TO HELP TIDE GUYANA THROUGH THE YEAR. THE TOTAL AMOUNT NEEDED, HE SAID, IS FROM US\$100 TO 150 MILLION, BUT THEY WOULD WELCOME HELP IN ANY AMOUNT. I EXPRESSED SKEPTICISM, BUT TOLD HIM I WOULD INFORM THE DEPARTMENT OF HIS INQUIRY. END SUMMARY.

1. FONMIN WILLS CALLED ME TO HIS OFFICE LATE APRIL 20, AND AFTER DISCUSSING OTHER ITEMS OF CURRENT BUSINESS SAID HE HAD SOMETHING OF THE GREATEST IMPORTANCE TO DISCUSS. PRIME MINISTER BURNHAM HAD ASKED HIM TO FOLLOW UP ON HIS CONVERSATIONS WITH ASSISTANT SECRETARY LUERS AND SECRETARY VANCE BY INQUIRING WHETHER GUYANA COULD OBTAIN DIRECT FINANCIAL ASSISTANCE FROM THE UNITED STATES IN THE FORM OF SOFT LOANS OR GRANT AID. OUR DISCUSSION WAS CONTINUED ON APRIL 21, WHEN WILLS PROVIDED DETAILS OF GUYANA'S
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ECONOMIC SITUATION.

2. I TOLD WILLS THAT I THOUGHT SUCH A REQUEST WAS PREMATURE, GIVEN THE FACT THAT US-GUYANA RELATIONS HAD RECENTLY PASSED THROUGH A CRISIS. WILLS SAID HE RECOGNIZED THIS, BUT HE HOPED THAT GUYANA'S DESIRE FOR GOOD RELATIONS WITH THE UNITED STATES HAD BECOME EVIDENT

DURING THE PAST THREE MONTHS. I POINTED OUT THAT THE GOG, IN THE VIEW OF MANY PEOPLE IN MY GOVERNMENT, COULD HAVE MADE ITS DESIRE FOR GOOD RELATIONS MORE OBVIOUS. WE HAD AN EXCHANGE ON THIS IN WHICH WILLS INSISTED THAT GUYANA WANTS GOOD RELATIONS WITH THE US AND WAS CHANGING ITS INTERNATIONAL POSTURE, BUT REVERSAL OF PREVIOUS POLITICAL TRENDS COULD NOT BE EXPECTED OVERNIGHT.

3. I ASKED WILLS WHY THE UNITED STATES SHOULD HELP GUYANA IN SUCH A SUBSTANTIAL WAY. HE REPLIED THAT A GOOD RELATIONSHIP BETWEEN THE US AND A SOCIALIST GUYANA WOULD DISPROVE THE ARGUMENT WHICH HAS PREVAILED THROUGHOUT MUCH OF THE THIRD WORLD THAT SMALL UNDERDEVELOPED SOCIALIST NATIONS CANNOT EXPECT HELP FROM THE UNITED STATES. USG ASSISTANCE TO GUYANA WOULD BE REGARDED AS A GENEROUS HUMANITARIAN GESTURE AND WOULD HAVE FAR-REACHING FAVORABLE POLITICAL CONSEQUENCES FOR THE US THROUGHOUT THE WORLD.

4. WILLS SAID THAT THIS REQUEST WAS A VERY DIFFICULT STEP FOR BURNHAM TO TAKE. BURNHAM'S PRIDE MADE IT EXTREMELY DIFFICULT FOR HIM TO HAVE TO BEG FOR MONEY FROM ANYONE. HE HAD BEEN ENCOURAGED, HOWEVER, BY STATEMENTS OF THE CARTER ADMINISTRATION CONCERNING ITS WILLINGNESS TO DEMONSTRATE HUMANITARIAN COMPASSION AND TO INVEST IN THE SOCIAL, ECONOMIC AND TECHNOLOGICAL DEVELOPMENT OF POOR COUNTRIES. WILLS THEN READ EXCERPTS FROM SECRETARY VANCE'S FEBRUARY 2 OVERVIEW OF FOREIGN ASSISTANCE PROGRAMS. I AGREED THAT THE NEW ADMINISTRATION DESIRED TO HELP POOR COUNTRIES, BUT I STRESSED THAT DEVELOPMENT

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ASSISTANCE WAS NOT EASY TO COME BY AND THAT IT HAD TO BE SPREAD AROUND THE WORLD. I REPEATED MY PESSIMISM OVER PROSPECTS FOR ASSISTANCE OF THE SCALE THAT GUYANA DESIRED.

5. I TOLD WILLS THAT ANY SUCH REQUEST, EVEN TO BE CONSIDERED, WOULD REQUIRE EXTENSIVE BACK-UP DATA. WHEN ASKED HOW MUCH MONEY GUYANA NEEDED, WILLS CALMLY REPLIED: "SOFT LOANS OR GRANT AID AMOUNTING TO US\$100 TO 150 MILLION." WHEN ASKED WHAT TIMING HE HAD IN MIND, HE REPLIED: "YESTERDAY," AND REPEATED AGAIN THAT THE SITUATION WAS DESPERATE. HE MADE CLEAR THAT ANY SMALLER AMOUNTS WOULD BE WELCOME, BUT THAT GUYANA'S TOTAL NEEDS FOR THE YEAR WERE THE AMOUNTS HE LISTED ABOVE.

6. I ASKED IF HE AND BURNHAM WERE AWARE OF THE IMPLICATIONS OF SUCH A REQUEST, AND REMINDED HIM THAT NO GOVERNMENT WOULD HELP BAIL ANOTHER COUNTRY OUT OF BANKRUPTCY WITHOUT INSISTING UPON FULL KNOWLEDGE OF THE ECONOMY AND THAT VERY EXPLICIT REQUIREMENTS BE FULFILLED.

WILLS REPLIED THAT BOTH HE AND BURNHAM WERE FULLY AWARE OF THAT AND WERE PREPARED TO ACCEPT WHATEVER CONDITIONS THAT WOULD BE NECESSARY, PROVIDED THAT THIS DID NOT INCLUDE RETURNING THE BAUXITE AND SUGAR INDUSTRIES TO MULTINATIONAL FIRMS. HOWEVER, THERE WOULD BE A ROLE FOR PRIVATE CAPITAL IN GUYANA.

7. IN RESPONSE TO MY QUERY ABOUT HOW BURNHAM WOULD EXPLAIN TO THE RADICALS IN THE PNC AND THE YOUNG SOCIALIST MOVEMENT (YSM) THAT HE HAD TURNED TO THE US FOR ASSISTANCE, WILLS SAID THAT IF THE ASSISTANCE WERE FORTHCOMING, THE EXPLANATION WOULD BE EASY AND CONVINCING. IT WOULD BE POLITICALLY POWERFUL ENOUGH TO ALTER SIGNIFICANTLY POLITICAL FORCES IN GUYANA. IF THE REQUEST FAILED, THEY NEED NEVER KNOW. AT THE MOMENT ONLY BURNHAM AND HIMSELF WERE PRIVY TO THE REQUEST, BUT AMBASSADOR MANN WOULD ALSO BE BRIEFED ON IT, WILLS SAID.

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8. I ASKED WHETHER THE GOG HAD APPROACHED THE SOVIET UNION FOR LARGE-SCALE ASSISTANCE. WILLS REPLIED THAT THE GOG HAD NOT ASKED AND WOULD NOT SEEK LARGE-SCALE ASSISTANCE OF THIS NATURE FROM THE SOVIET UNION. THE RELEVANCE OF THE SOVIET UNION FOR GUYANA WAS SOLELY IN THE CONTEXT OF CONTAINING OPPOSITION LEADER CHEDDI JAGAN AND PERHAPS GETTING THEIR CONTRIBUTIONS TO DEVELOPMENT PROJECTS. HE ADDED THAT LARGE-SCALE SOVIET AID WOULD PUT CHEDDI JAGAN EFFECTIVELY IN POWER.

9. COMMENT: ON APRIL 21, WILLS TOLD ME HE HAD INFORMED BURNHAM OF MY INFORMAL REACTION, AND BURNHAM REMAINED INSISTENT THAT THEY PRESS THE INQUIRY WITH THE US. HE PROVIDED INFORMATION ON THE ECONOMY, NONE OF WHICH DIFFERED SIGNIFICANTLY FROM WHAT WE HAVE BEEN REPORTING. THE EMBASSY HAS PREPARED ANOTHER ECONOMIC ASSESSMENT (REF B), TO SUPPLEMENT THOSE SUBMITTED PREVIOUSLY. WHATEVER THE US RESPONSE TO GUYANA'S REQUEST MAY BE, WE SHOULD AT LEAST APPEAR TO HAVE GIVEN IT DUE CONSIDERATION. A CABLE PROVIDING SOME THOUGHTS ON ALTERNATIVES FOR DEALING WITH THE REQUEST FOLLOWS.

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NOTE: STADIS DELETED PER STATE 11621

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